Prospectus GNMA I
Growing Equity Mortgages

U.S. Department of Housing and Urban Development
Government National Mortgage Association

OMB Approval No. 2503-0018 (Exp. 8/31/96)

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_____% GNMA I Mortgage-Backed Securities

(Growing Equity Mortgages)

Fully Guaranteed as to Principal and Interest By

Government National Mortgage Association

(Backed by the Full Faith and Credit of the United States)

Issued by:

GNMA Pool No.:	Issue Date:
Minimum Security Amount:	First Payment Due:
GNMA-GEM Securities Program:	Maturity Date:

The above information has been provided by the Issuer. The Government National Mortgage Association has prepared the balance of the information contained in this Prospectus.

The securities to be issued under this Prospectus provide for timely payment to the registered holder of interest and principal installments as provided herein. These installments of interest and principal will commence on the 15th day of the month following the month of issue and will continue every month thereafter over the life of the mortgage pool, whether or not such principal and interest shall be collected by the Issuer.

Timely payment of principal of and interest on the securities is guaranteed by GNMA pursuant to Section 306(g) of Title III of the National Housing Act. Section 306(g) provides that "The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection," and an opinion, dated December 9, 1969, of an Assistant Attorney General of the United States, states with respect to mortgage-backed securities comparable to those offered that guaranties under Section 306(g) "constitute general obligations of the United States backed by its full faith and credit."

The securities have not been registered under the Securities Act of 1933 since they are exempt from registration.

Government National Mortgage Association

The Government National Mortgage Association ("GNMA") is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office at 451 Seventh Street, S.W., Washington, D.C. 20410. It had its origin in the creation of the National Mortgage Association of Washington in 1938. Shortly thereafter, the name of the National Mortgage Association of Washington was changed to Federal National Mortgage Association *(the "Pre-1968 Corporation")*, a wholly-owned government corporation whose business consisted of the purchase and sale of mortgages insured under the National Housing Act and, after 1948, mortgages guaranteed by the Department of Veterans Affairs.

Pursuant to 1954 legislation, the Pre-1968 Corporation was authorized (1) to conduct Secondary Market Operations *(now the business of the present-day Federal National Mortgage Association)*; (2) to perform Special Assistance Functions in the purchase of mortgages as authorized by the President of the United States, or by the Congress, to assist in financing home mortgages in instances where established home financing facilities are inadequate *(the "Special Assistance Functions")*; and (3) to acquire or take over and to manage and liquidate certain other mortgages *(the "Management and Liquidating Functions").*

Effective September 1, 1968, the Pre-1968 Corporation was partitioned into two corporations, the present-day Federal National Mortgage Association and GNMA, which retained all of the assets and liabilities theretofore acquired and incurred by the Pre-1968 Corporation under its Special Assistance Functions and Management and Liquidating Functions. GNMA continues these activities on a sizeable scale.

GNMA Guaranty-Full Faith and Credit

GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of, and interest on, securities which are based on and backed by a pool composed of mortgages insured by the Federal Housing Administration, under the National Housing Act, or guaranteed by the Department of Veterans Affairs under Chapter 37 of Title 38, United States Code. Section 306(g) provides further that "The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated December 9, 1969, of William H. Rehnquist, Assistant Attorney General of the United States, states that such guaranties under Section 306(g) are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit."

Pursuant to such authority, GNMA upon delivery of the securities will have guaranteed the timely payment of the principal of and interest on these securities.

GNMA Borrowing Authority-United States Treasury

GNMA, in its corporate capacity under section 306(d) of Title III of the National Housing Act, may issue to the United States Treasury its general obligations in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the securities offered hereby. The Treasury is authorized to purchase any obligations so issued.

The Treasury Department has indicated that it will make loans to GNMA, if needed, to implement the aforementioned guaranty as stated in the following letter:

The Secretary of the Treasury
Washington

February 13, 1970

Dear Mr. Secretary:

I wish to refer to your letter of November 14, 1969, asking whether the timely payment of principal and interest on mortgage-backed securities of the pass-through type guaranteed by the Government National Mortgage Association under section 306(g) of the National Housing Act, under its management and liquidating functions, is a function for which the Association may properly borrow from the Treasury.

It is the opinion of the Treasury Department that the Association may properly borrow from the Treasury for the purpose of assuring the timely payment of principal and interest on guaranteed pass-through type mortgage-backed securities as described in Chapter 3, paragraph 6 of the Mortgage-Backed Securities Guide, dated December 1969. Accordingly, the Treasury will make loans to the Association for the foregoing purposes under the procedure provided in Subsection (d) of Section 306 of Title III of the National Housing Act.

Sincerely,

David M. Kennedy

The Honorable George Romney
Secretary of Housing and
Urban Development
Washington, D.C. 20410

GNMA warrants to the holders of the securities, that in the event it is called upon at any time to make good its guaranty of the payment of principal and interest on the securities, it will, if necessary, in accordance with such section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

Payments of Principal and Interest

All mortgages proportionately serving as the base and backing of this security are growing equity mortgages (GEMs) insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Under each mortgage's amortization schedule, principal is repaid faster than under a standard 30-year level payment mortgage. Although the first year's mortgage payments are equal to those on a level payment mortgage, on the first and subsequent anniversary dates of the commencement of amortization, the monthly installment of principal and interest increases. The payment increases occur at a fixed annual rate for a fixed number of years up to the full term of the loans. Both the rate and term of the payment increases are established when the loan is originated. The amount of any particular installment increase equals the product of the appropriate fixed percentage of annual increase expressed in the chart presented below applied to the monthly installment of principal and interest scheduled for the prior year. The full amount of the installment increase is allocated to principal. Scheduled interest due on a pooled mortgage for any given month is then computed upon the adjusted principal balance of the mortgage at the end of the prior month. Total payments over the amortization period of a GEM will be less than the total of such payments under a standard 30-year level payment mortgage loan because the accelerated repayment of the GEM's principal shortens the time over which interest is paid and reduces the balance on which interest is calculated each month.

The characteristics of mortgages backing growing equity mortgage-backed securities are ascertainable from the chart. The chart expresses the rate of annual payment increases and the number of years over which annual payments are increased for each loan composing the mortgage pool related to this Prospectus. The characteristics of the pooled mortgages backing a growing equity mortgage-backed security are also indicated generally by the two letter suffix appearing in the security's pool number listing and in its security number. The two suffixes for growing equity mortgage-backed securities designate the following plans:

GA: pooled mortgages are only those GEMs whose monthly payments of principal and interest increase annually be four (4) percent for the full term of the mortgage.

GD: pooled mortgages include any combination of loans whose rate and term of annual increases have been approved by the relevant federal insuring or guaranteeing authority.

Pool Type (Check One)	Annual Percent Increase in Payment	Number of Years Of Increases	Percentage of Pool
☐ GA	4%	Full Term	100%
☐ GD	%		%
	%		%
	%		%
	%		%
			GD 100 %

The payments of principal and interest on the securities are structured so as to pass through scheduled collections on the mortgages, less servicing costs and fees. Accordingly, monthly interest accrued will be computed in the same manner as with other GNMA-guaranteed securities *(ie., 1/12th of the annual rate multiplied by the unpaid balance of the security at the end of the prior month)*. Each of monthly installments shall be subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the pooled mortgages. Final payment shall be made only upon surrender of the outstanding security.

Payment of principal and interest shall be made in monthly installments on the 15th of each month. Payment of the first 30 days interest and principal will be made on the 15th of the month following date of issue.

The Issuer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the 15th day of each month. However, if such payments are not received as scheduled, investors have recourse directly to GNMA.

Reports to Security Holders

The Issuer will submit to each registered security holder each month, monthly statements of principal and interest payable currently on the security and the end of the month balance outstanding on the securities. The accounts and records of the Issuer relating to the pooled mortgages shall be maintained in accordance with normal accounting practices and in a manner that will permit the representatives of GNMA to examine and audit such accounts and records at any reasonable time.

Denominations and Transferability of Securities

The securities will be freely and fully transferable and assignable, but only upon the books of the Issuer, as to the Issuer and GNMA. The minimum and maximum amount of security which may be initially purchased will be as stated on the front of this Prospectus; thereafter the face amount of each security cannot be less than $25,000 and must be in multiples of $1.00. Reissues and denominational exchanges shall be made on request upon payment of any applicable taxes, fees, charges or other costs approved by GNMA and presentation of the security unless lost or destroyed in which case, on presentation of reasonable and customary security or indemnity protection.

Servicing of Mortgage Pool

Under contractual arrangements between the Issuer and GNMA, the Issuer is responsible for servicing and otherwise administering the mortgage which constitute the pool in accordance with generally accepted practices of the mortgage lending industry.

The monthly remuneration of the Issuer for its servicing and administrative functions will be 1/2 of 1 percent per annum of the unpaid principal amount of mortgages in the pool. The Issuer shall pay to GNMA its guaranty fee of .06 of 1 percent per annum and other costs and expenses incident to the servicing of the mortgages.

Liability of Issuer

The securities will not constitute a liability of nor evidence any recourse against the Issuer. They are based on and backed by the aggregate debt of the mortgages insured under the laws of the United States and recourse may be had to the GNMA as provided for in the guaranty.

Custodial Agent

The documents pertaining to each of the mortgages included in the pool backing this issuance of securities will be held in custody by a custodian acceptable to GNMA.

Consolidation of Pool

GNMA and the Issuer reserve the right to consolidate the pool of mortgages backing this security with other pools backed by similar mortgages having the same interest rate and maturity dates.

Termination of Pool Arrangement

The pool arrangement may be terminated at any time prior to the final maturity date of the outstanding securities, provided that the Issuer and all holders of the outstanding securities relating to a single pool have entered into a mutually agreeable arrangement for such termination. Upon formal notification with satisfactory evidence that all parties to the termination agreement have concurred, and return of the securities to GNMA for cancellation, the guaranty will be terminated.

Federal Income Tax Aspects

Federal Income Tax aspects of mortgage-backed securities are described in Revenue Rulings 70-544 and 70-545 published in Technical Information Release (TIR) 1045, dated October 1, 1970, and in Internal Revenue Bulletin 1970-43, dated October 26, 1970, which, among other things, states that interest on the securities is subject to Federal Income Taxation, and indicates that the favorable tax status of certain institutions, including that resulting from investing a percentage of their assets in mortgages, is not adversely affected by investment of those assets in GNMA pass-through securities. Further, Revenue Ruling 77-135 published in Information Release IR-1795, dated April 15, 1977 and in Internal Revenue Bulletin 1977-18, dated May 2, 1977, describes accounting methods for reporting interest on growing equity mortgages.

Yield

In addition to the purchase price, the amount of outstanding principal and the stated interest rate, the following factors should be considered in arriving at a yield figure:

1. The first payment of principal and interest is received 45 days after the issue date of the security.

2. Unscheduled prepayments of principal may be made to the security holder from time to time because of the fact that (a) the several mortgages in the pool provide for prepayment without penalty by the mortgagors and (b) when foreclosures occur the pro rata share of such principal will be paid to the holder.

3. The security should be viewed as an inherently variable investment because prepayments and foreclosures on mortgages in each pool can occur in amounts varying from complete early liquidation of the pool to minimal or even no early payout. This inherent variability in the security liquidation date may have important consequences to the holder. To the extent that a purchaser invests in the securities with a view to long-term investment, early liquidation, either full or partial, could cause the investor's overall investment program to require adjustment. In addition, the variability of the investment's duration may result in a smaller or a larger overall return on the investment than the investor originally anticipated.

4. Past experience of the Federal Housing Administration (FHA) relating to 26-to-30-year mortgages at all interest rates indicates that while some mortgages remain outstanding until scheduled maturity, a pool of 30-year single-family mortgages will have some prepayments (including payments from foreclosures) earlier than the 12th year and some later than the 12th year, and will, on the average, produce a yield equivalent to that of a single loan which amortizes according to the prescribed 30-year amortization schedule and then totally prepays in the 12th year. No comparable statistics are available that relate strictly to growing equity mortgages.

It should be emphasized that it is possible that one or more of the pooled mortgages will run until final maturity and that, consequently, some of the investor's funds will be outstanding, barring mutual agreement *(see "Termination of Pool Arrangement")* for termination of the pool, until the maturity date of the securities.